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March 1, 1982

**DIVISION OF  
OIL, GAS & MINING**

CERTIFIED MAIL NO. 984452

Midas Gilsonite, Inc.  
989 Jewel Avenue  
Salt Lake City, UT 84104

RE: ML 26607 Gilsonite

Gentlemen:

Please be advised that the State, as Lessor, considers Midas Gilsonite, Inc., Lessee, in breach of Article I of the above numbered lease.

The lease requires Lessee's compliance with all formal rules and regulations of the Land Board governing State mineral leases and with all State laws.

1) Rule 11c of the "Rules and Regulations" of the Land Board requires that in those instances where mineral exploration or mining will disturb the surface, Lessee will submit to Lessor plans for such operations at least 60 days prior to commencement. On February 24, 1982, I inspected the lease site and found extensive surface disturbance has occurred without the required notification to the Division of State Lands.

2) The Utah Mined Land Reclamation Act requires that a Lessee or operator under a State mineral lease notify the Division of Oil, Gas & Mining prior to the commencement of any mining operations. In contacting the Division of Oil, Gas & Mining, I find that no such notification has been submitted regarding your recent work in exposing the gilsonite vein on lands under your State mineral lease.

Acceptable remedy to the Division of State Lands for this breach of ML 26607 shall consist of the following:

1) Lessee shall immediately suspend all mining operations and not continue mining until an acceptable plan of mining and reclamation is submitted to and approved by the Division of State Lands.

2) Lessee shall immediately notify the Division of Oil, Gas & Mining regarding operations conducted under this mineral lease and will comply with all requirements of the Utah Mined Land Reclamation Act.



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3) Lessee shall immediately post with the Utah Division of State Lands a \$10,000 reclamation and performance bond to cover operations being conducted under this lease.

Failure to comply with this remedy within 30 days may result in termination of this lease and in further action by the State to recover damages. Time is of the essence.

Sincerely yours,

JOHN T. BLAKE  
MINERALS RESOURCE SPECIALIST

JTB/mh

✓cc: Tom Tetting  
Division of Oil, Gas & Mining